

106TH CONGRESS
2D SESSION

H. R. 5320

To amend part C of title XVIII of the Social Security Act to revise and improve the Medicare+Choice Program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 27, 2000

Mr. KOLBE introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend part C of title XVIII of the Social Security Act to revise and improve the Medicare+Choice Program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Medicare+Choice Res-
5 cue Act of 2000”.

1 **SEC. 2. INCREASE IN NATIONAL PER CAPITA**
 2 **MEDICARE+CHOICE GROWTH PERCENTAGE**
 3 **IN 2001 AND 2002.**

4 Section 1853(c)(6)(B) of the Social Security Act (42
 5 U.S.C. 1395w-23(c)(6)(B)) is amended—

6 (1) in clause (iv), by striking “for 2001, 0.5
 7 percentage points” and inserting “for 2001, 0 per-
 8 centage points”; and

9 (2) in clause (v), by striking “for 2002, 0.3 per-
 10 centage points” and inserting “for 2002, 0 percent-
 11 age points”.

12 **SEC. 3. ELIMINATION OF REDUCTION IN**
 13 **MEDICARE+CHOICE PAYMENT RATES BY**
 14 **BUDGET NEUTRALITY ADJUSTMENTS.**

15 (a) IN GENERAL.—Section 1853(c)(1)(A) of the So-
 16 cial Security Act (42 U.S.C. 1395w-23(c)(1)(A)) is
 17 amended by adding at the end the following: “With respect
 18 to years beginning on or after January 1, 2001, in no case
 19 shall the budget neutrality adjustment provided for in the
 20 previous sentence result in a reduction of the payment
 21 amount that would otherwise be made under this subpara-
 22 graph but for such adjustment.”.

23 **SEC. 4. PAYMENT FLOOR FOR MEDICARE+CHOICE PLANS.**

24 (a) IN GENERAL.—Section 1853(c)(1) of the Social
 25 Security Act (42 U.S.C. 1395w-23(c)(1)) is amended—

1 (1) in the matter before subparagraph (A), by
 2 striking “or (C)” and inserting “(C), or (D)”; and
 3 (2) by adding at the end the following new sub-
 4 paragraph:

5 “(D) TRUE FLOOR BASED ON 90 PERCENT
 6 OF THE FEE-FOR-SERVICE PER CAPITA EX-
 7 PENDITURES FOR MEDICARE+CHOICE PLANS.—
 8 In the case of a plan, 90 percent of an amount
 9 equal to the annual per capita rate of payment
 10 described in section 1876(a)(1)(C) for the area
 11 involved.”.

12 (b) EFFECTIVE DATE.—The amendments made by
 13 subsection (a) apply to payments for months beginning on
 14 or after January 2001.

15 **SEC. 5. CORRECTING FOR MISESTIMATES IN THE GROWTH**
 16 **RATE; LIMITING RETROACTIVE ADJUST-**
 17 **MENTS.**

18 (a) IN GENERAL.—Notwithstanding any other provi-
 19 sion of law, for purposes of payments under section
 20 1853(c) of the Social Security Act (42 U.S.C. 1395w-
 21 23(c)) to Medicare+Choice organizations offering
 22 Medicare+Choice plans for 2001, the Secretary of Health
 23 and Human Services shall provide for an increase by 3.6
 24 percent the amount of payment otherwise applicable to
 25 such plans under that section in 2001.

1 (b) HOLD HARMLESS FOR ERRORS IN ESTIMATES.—
 2 Section 1853(c)(6) of such Act (42 U.S.C. 1395w–
 3 23(c)(6)) is amended—

4 (1) in subparagraph (C), by striking “Begin-
 5 ning with rates” and inserting “Subject to subpara-
 6 graph (D), beginning with rates”; and

7 (2) by adding at the end the following new sub-
 8 paragraph:

9 “(D) HOLD HARMLESS FOR OVER PROJEC-
 10 TIONS.—Beginning with rates calculated for
 11 2002, in making adjustments under subpara-
 12 graph (C), in no case may the Secretary provide
 13 for an adjustment in a year for that results in
 14 a reduction of the national per capita
 15 Medicare+Choice growth percentage that is
 16 greater than 0.5 percent.”.

17 **SEC. 6. ADDITIONAL FLOOR FOR ANNUAL INCREASE IN**
 18 **MEDICARE+CHOICE CAPITATION RATES.**

19 Section 1853(c)(3)(C) of the Social Security Act (42
 20 U.S.C. 1395w–23(c)(3)(C)) is amended—

21 (1) in clause (ii), by inserting “(before 2002)”
 22 after “For a subsequent year”; and

23 (2) by adding at the end the following new
 24 clause:

“(iii) For 2002 and each subsequent year, the greater of (I) 102 percent of the annual Medicare+Choice capitation rate under this paragraph for the area for the previous year, or (II) such rate for the previous year increased by the national per capita Medicare+Choice growth percentage, described in paragraph (6)(A) for the succeeding year.”.

**SEC. 7. APPLICATION OF BUDGET NEUTRALITY PRINCIPLE
TO THE NEW MEDICARE+CHOICE RISK AD-
JUSTMENT METHODOLOGY.**

(a) IN GENERAL.—Section 1853(a)(3) of the Social Security Act (42 U.S.C. 1395w–23(a)(3)) is amended by adding at the end the following new subparagraph:

“(E) IMPLEMENTATION IN A BUDGET NEUTRAL MANNER.—The methodology under this paragraph shall be designed and implemented in a manner so that it does not result in any material change in the aggregate level of expenditures under this title compared to the level that would have occurred if such methodology had not been implemented (and if the previous risk adjustment methodology used in 1998 had continued to be implemented).”.

1 (b) EFFECTIVE DATE.—The amendment made by
 2 subsection (a) takes effect on the date of the enactment
 3 of this Act and applies to payments for months beginning
 4 on or after January 2001.

5 **SEC. 8. PROVIDING FOR CONTINUOUS OPEN ENROLLMENT**
 6 **AND DISENROLLMENT.**

7 (a) IN GENERAL.—Section 1851(e)(2) of the Social
 8 Security Act (42 U.S.C. 1395w–21(e)(2)) is amended to
 9 read as follows:

10 “(2) CONTINUOUS OPEN ENROLLMENT AND
 11 DISENROLLMENT.—Subject to paragraph (5), a
 12 Medicare+Choice eligible individual may change the
 13 election under subsection (a)(1) at any time.”.

14 (b) CONFORMING AMENDMENTS.—

15 (1) MEDICARE+CHOICE.—Section 1851(e) of
 16 such Act (42 U.S.C. 1395w–21(e)) is amended—

17 (A) in paragraph (4)—

18 (i) by striking “Effective as of Janu-
 19 ary 1, 2002, an” and inserting “An”;

20 (ii) by striking “other than during an
 21 annual, coordinated election period”;

22 (iii) by inserting “in a special election
 23 period for such purpose” after “make a
 24 new election under this section”; and

1 (iv) by striking the second sentence;

2 and

3 (B) in paragraphs (5)(B) and (6)(A), by
4 striking “the first sentence of”.

5 (2) MEDIGAP.—Section 1882(s)(3)(B) of such
6 Act (42 U.S.C. 1395ss(s)(3)(B)) is amended—

7 (A) in clause (ii), by striking “permitting
8 discontinuance of the individual’s election of the
9 plan under the first sentence of section
10 1851(e)(4)” and inserting “providing the indi-
11 vidual a special election period under section
12 1851(e)(4)”;

13 (B) in clause (iii), by striking “permit dis-
14 continuance of an individual’s election of cov-
15 erage under the first sentence of section
16 1851(e)(4)” and inserting “provide the indi-
17 vidual a special election period under section
18 1851(e)(4)”.

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section apply with respect to plan years beginning on
21 or after January 1, 2002.

22 **SEC. 9. ALLOWING VARIATION IN PREMIUMS AND BENE-**
23 **FITS WITHIN COUNTIES.**

24 (a) IN GENERAL.—Subsections (c) and (f)(1)(D) of
25 section 1854 of the Social Security Act (42 U.S.C.

1 1395w–24) are each amended by inserting before the pe-
 2 riod at the end the following: “, expect that the Secretary
 3 shall provide for exceptions based on provider catchment
 4 area that may be a geographic area that is smaller than
 5 a county or a catchment area that crosses the boundaries
 6 of two or more counties”.

7 (b) EFFECTIVE DATE.—The amendments made by
 8 subsection (a) apply with respect to years beginning on
 9 or after January 1, 2001.

10 **SEC. 10. MODIFYING PHASE-IN OF MEDICARE+CHOICE**
 11 **RISK-ADJUSTMENT METHODOLOGY FOR IN-**
 12 **STITUTIONALIZED MEDICARE BENE-**
 13 **FICIARIES.**

14 The Secretary of Health and Human Services shall
 15 provide that the risk-adjustment methodology applied
 16 under section 1853(a) of the Social Security Act (42
 17 U.S.C. 1395w–23(a)), insofar as it makes adjustments to
 18 capitation rates for health status, shall only apply to 10
 19 percent of $\frac{1}{12}$ of the annual Medicare+Choice capitation
 20 rate in the case of an eligible individual who is institu-
 21 tionalized (as defined for purposes of section
 22 1851(e)(2)(D) of such Act (42 U.S.C. 1395w–
 23 21(e)(2)(D))) until the first year in which the Secretary
 24 implements a modification of such methodology based on
 25 health status so that such methodology includes medical

- 1 diagnostic factors from all provider settings (including
- 2 hospital and nursing facility settings).

